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SW-02361A-05-0657

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**STATEMENT FOR INTERVENTION HEARING, June 7, 2006
BY GORDON ZUCKER**

I, Gordon Zucker, Doctor of Engineering Science, am a former member of the Carefree Town Council and Boulders Homeowners Board of Directors.

I request that the commission grant no rate increase to the BMSC until they have committed to a plan that will upgrade the system to the point that daily problems and breakdowns will be eliminated.

These problems and breakdowns are caused by an old and degraded collection system that was inadequately designed for its present use.

Problems have increased in frequency and seriousness over the past several years and have now become a critical factor in the day-to-day operation of the system.

A number of lift stations are breaking down. The most important one is in the Carefree Estates where a number of old large cisterns are interconnected to that lift station and provide an unfortunate holding vessel for raw sewage to sour.

Another serious problem is the excess capacity of the transfer lines down East Boulder Drive which allows raw sewage to stagnate.

Documentation on these and other problems in the collection system of BMSC are provided most recently in the Carter and Burgess Study paid for by the Town of Carefree two years ago and the Lamb Study funded by the Sewer Company. The specific corrective actions recommended in these reports have not been implemented by BMSC.

In January former councilman and Vice Mayor Mike Eicher wrote a letter to the Arizona Corporation Commission stating his strongest possible opposition to the application for a rate increase. I am attaching his letter to my statement, because he adds important information concerning discrepancies in BMSC's conduct of business.

AZ CORP COMMISSION
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January 26, 2006

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
Attn: Consumer Services Section

Dear Members of the Commission:

This is written as a letter of the strongest possible opposition to the Black Mountain Sewer Company's application for a rate increase, **Docket No. SW-02361A-05-0657**, filed on September 16, 2005. The letter is filed in compliance with your request for documents re this matter to be in your hands by February 16, 2006.

We have been customers (acct. no. 999937) of the company, or its predecessors for over ten (10) years, during which time our sewer rates have been among, if not the highest in the entire State of Arizona at **\$38. per month**. At the time this company was purchased by its current owner, Algonquin Power Systems, a foreign (Canadian) corporation, a portion of the monthly fee was supposedly earmarked to be escrowed and used for infrastructure improvements to the treatment plant and collection system.

In addition to being a customer, I have attempted to work with the management of BMSC in various capacities: as President of the Boulders Homeowners Association, as Vice Mayor and a Councilman of the Town of Carefree, as a director of the Carefree Water Company and as a current commissioner of the Carefree Planning and Zoning Commission. In any, and all capacities, my interactions with BMSC have been totally ineffective and downright unpleasant.

The continuing severe problems of odor and noise, effecting the large residential neighborhood surrounding the sewer treatment plant, have been denied by the BMSC as even existing, **contrary to reports made by the company's consultants and other independent consultants hired by the Town of Carefree, both of whom cited the problems and recommended specific corrective action. Little, if anything has been done over a period of years.** The HOA, the Town, and other HOA's affected by the wretched problems have also been unsuccessful in prompting BMSC to take any action leading toward a permanent solution.

The Boulders Resort built this small treatment facility and antiquated collection system, almost 30 years ago to produce gray water effluent to irrigate its golf course. Today, this system attempts to serve the sewage needs of the entire Town, not served by individual septic fields. Current Town Code prohibits expansion of the plant (treatment capacity), without a Special Use Permit obtained through a public hearing process by BMSC, a highly unlikely eventually!

During the period of time in which Algonquin has owned BMSC, annual reports of the local operation have not been filed with the Corporation Commission, nor is there any

record of the Sales Agreement indicating that the Boulders Resort actually sold this enterprise. The Carefree office of the sewer company has been closed, (the phone is answered in Litchfield Park), management has stonewalled all requests from interested groups for dialogue, as has its local legal representative.

BMSC needs to relocate its treatment facilities outside the totally residential community of the Boulders. It needs a plant that can handle the current and future needs of a growing Town, and it needs a management team that recognizes that it is a member of, and neighbor within, the community that it serves.

With a replacement facility plan approved, costs determined, and a civil-minded management in place, a rate increase to provide enhanced service would not be unrealistic.

Meanwhile, with no hard evidence that permanent improvements have taken place; no evidence that monies escrowed have ever been used for capital improvement; with no *Certificate of Convenience and Necessity* in effect and/or valid; and, no indication from customers that complaints have been resolved....this company's request for a rate increase **should be summarily denied!**

In fact, the company should be forced to document what it is doing (and has done) with the \$38 per month that it has been collecting, for these many years!

My health precludes my filing an official request to intervene; however, I am prepared to answer any questions (in writing or in person) that this letter may evoke.

It would be blatantly wrong for the Commission to permit a company to increase its rates when that company has been ineptly managed, unresponsive to its customers and Town officials, unwilling to improve its infrastructure, that has been proven woefully inadequate by independent consultants of the company's choosing. We trust that the Commission will act accordingly.

Thank you for your consideration.

Sincerely yours,

M.M. Eicher
P.O. Box 953 - 1721 Staghorn Ln.
Carefree, Arizona 85377
(480) 488- 1570

Cc. Mayor Ed Morgan, Town of Carefree
Buel Whetmore, President, Carefree Estates - HOA
Gordon Zucker
Michael Hoffmann, VP & General Manager, Boulders Resort
Bob Williams, VP, Boulders Homeowners Association